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C O N F I D E N T I A L STATE 123976

E.O. 11652: GDS

TAGS: BXEP, GE, GW

SUBJECT: BEIL MEETINGS WITH COMMERCE OFFICIALS

1. SUMMARY: COMMERCE ASSISTANT SECRETARY WEIL HOSTED A BREAKFAST FOR SUPPORT AS CO-HOST FOR THE GDR CONGRESS, NOTED GROWING IMPORTANCE OF US-GDR COUNCIL, MENTIONED LICENSES AND TURN-KEY PLANT PROJECTS AS TRADE OPPORTUNITIES, AND NOTED AVAILABILITY OF INFORMATION ON THE 112 PROJECTS MENTIONED AT SPRING FAIR. AFTER A DISCUSSION OF THE ACCESS TO END-USERS QUESTION AND THAT OF THE AVAILABILITY OF GDR INDUSTRY SECTOR AND COMMERCIAL INFORMATION, BEIL OBSERVED THAT HAVING THE GDR PROVIDE ADDITIONAL INFORMATION TO USDOC AND THE COUNCIL MIGHT PROVE USEFUL FOR BOTH SIDES. IN MEETING MAY 10 WITH COMMERCE UNDER SECRETARY HARMAN, BEIL RAISED THE PROBLEM OF STATISTICAL DISCREPANCIES
CONFIDENTIAL

PAGE 02 STATE 123976

IN BILATERAL TRADE REPORTING, AND EXPRESSED UNHAPPINESS ABOUT PROBLEMS AFFECTING GDR EFFORTS TO OPEN THREE FTO OFFICES IN NEW YORK CITY. HE ALSO RENEWED A FEELER FOR A VISIT TO THE GDR BY HARMAN. END SUMMARY.

2. WEIL-BEIL MEETING -- ON MAY 9, COMMERCE ASSISTANT SECRETARY WEIL HOSTED A BREAKFAST IN NEW YORK CITY FOR STATE SECRETARY BEIL, WHO WAS ACCOMPANIED BY AMBASSADOR

SIEBER, AND FOREIGN TRADE MINISTRY DIRECTOR SCHMIED. ON

THE U.S. SIDE, COMMERCE OFFICIALS FROM THE NEW YORK DISTRICT OFFICE (WHICH CO-HOSTED THE GDR'S ECONOMIC/ TECHNOLOGICAL CONGRESS IN NEW YORK CITY--REPORT FOLLOWS SEPTEL) AND BEWT ALSO ATTENDED.

3. BEIL EXPRESSED THE GDR'S APPRECIATION FOR USDOC SUPPORT AS CO-HOST FOR THE GDR CONGRESS IN NEW YORK, LOS ANGELES, AND CHICAGO, COMMENTED ON THE GROWING IMPORTANCE OF THE US-GDR TRADE AND ECONOMIC COUNCIL IN US-GDR TRADE RELATIONS, AND NOTED THAT THE GDR SEES GREAT OPPORTUNITIES FOR COOPERATION WITH US FIRMS IN VARIOUS TURN-KEY PLANT PROJECTS, BOTH NEW ONES AND OTHERS ALREADY IN NEGOTIATION. HE CALLED ATTENTION TO THE NEED TO EMPHASIZE THAT THE GDR HAS LICENSES IN MANY AREAS WHICH WOULD BE OF INTEREST TO U.S. FIRMS, INCLUDING INFORMATION ON BROWN COAL EXTRACTION.

4. AFTER A BRIEF DISCUSSION OF THE ROLE OF COAL GASIFICATION IN THE GDR AND U.S. INTEREST IN GASIFICATION TECHNOLOGY, WEIL TURNED TO THE 112 TURN-KEY PLANT PROJECTS BEIL HAD REFERRED TO AT THE SPRING FAIR AND INQUIRED WHETHER INFORMATION WOULD SOON BE AVAILABLE ON SOME OR ALL OF THE PROJECTS, SINCE HE BELIEVED A NUMBER OF U.S. FIRMS WOULD BE INTERESTED IN BIDDING ON THEM. BEIL RESPONDED
CONFIDENTIAL

PAGE 03 STATE 123976

THAT A LIST OF THE PROJECTS BY NAME AND LOCATION IS AVAILABLE. (COMMENT: COMMERCE WOULD APPRECIATE ANY ASSISTANCE POST CAN PROVIDE IN OBTAINING SUCH A LIST. THE LAST TIME BEWT RAISED THIS QUESTION WITH THE GDR EMBASSY, THEY HAD NOT YET RECEIVED ANY DETAILS OF THIS KIND. END OF COMMENT)

5. WEIL NOTED THAT U.S. FIRMS WOULD WELCOME INCREASED ACCESS TO GDR END-USERS (AS OPPOSED TO FTO'S) AT THE BEGINNING OF THE NEGOTIATION PROCESS RATHER THAN TOWARD ITS END, AND POINTED OUT THAT EARLY CONTACT WITH GDR END-USERS COULD BENEFIT THE GDR: SUCH ACCESS, AS WELL AS AVAILABILITY OF BROADER INDUSTRY SECTOR INFORMATION, WOULD ENABLE U.S. FIRMS TO MAKE SUGGESTIONS AND PROPOSALS FOR ALTERNATIVE APPROACHES, PROCEDURES, OR EQUIPMENT WHICH MIGHT WELL HELP THE GDR ACHIEVE ITS OBJECTIVES OF INCREASED PRODUCTIVITY, ETC., MORE EFFECTIVELY. BEIL REPLIED THAT THE LACK OF ACCESS TO GDR END-USERS BY U.S. FIRMS IS AN OLD-FASHIONED NOTION NO LONGER RELEVANT, AND THAT SOME 80-90 PERCENT OF GDR COMMERCIAL AGREEMENTS ARE PREPARED BY THE GDR END-USER, NOT THE FTO, ALTHOUGH THE FTO SIGNS THE CONTRACT. HOWEVER, AFTER FURTHER

DISCUSSION, BEIL NOTED THAT THE GDR WOULD CONSIDER CHANGING SOMEWHAT ITS APPROACH TO U.S. FIRMS. INSTEAD OF REQUESTING BIDS ON SPECIFIC EQUIPMENT OR PROJECTS, THE GDR MAY INSTEAD INFORM THE APPROPRIATE U.S. FIRM WHAT THE

PURPOSE OF THE PROJECT OR EQUIPMENT SOUGHT IS, AND ASK THE U.S. FIRM TO COME UP WITH THE MOST EFFICIENT OR SUITABLE APPROACH OR EQUIPMENT TO ACHIEVE THE STATED GOAL. THIS WOULD NOT ONLY CONTRIBUTE TO THE DEVELOPMENT OF TRUST BETWEEN THE GDR ENTERPRISES AND THE U.S. FIRMS, BUT COULD ALSO LEAD TO A MORE EFFECTIVE USE OF RESOURCES ALL AROUND. WEIL EXPRESSED HIS SATISFACTION WITH THIS IDEA, AND ALSO AGREED WITH BEIL THAT IT WOULD BE VERY HELPFUL IF THE GDR PROVIDED MORE COMMERCIAL INFORMATION OF THIS KIND NOT ONLY
CONFIDENTIAL

PAGE 04 STATE 123976

TO THE FIRMS CONCERNED BUT ALSO DIRECTLY TO THE COMMERCE DEPARTMENT AND THE US-GDR TRADE AND ECONOMIC COUNCIL.

6. HARMAN-BEIL MEETING--ON MAY 10, BEIL CALLED ON UNDER SECRETARY HARMAN AT THE COMMERCE DEPARTMENT, ACCOMPANIED BY THE SAME GROUP LISTED ABOVE. THE U.S. SIDE INCLUDED THE ACTING DAS FOR EAST-WEST TRADES EDWARD H. STROH.

7. BEIL AGAIN EXPRESSED APPRECIATION FOR USDOC SUPPORT OF THE GDR CONGRESS AND NOTED HIS PLEASURE AT THE 200-220 ATTENDANCE AT THE PREVIOUS DAY'S OPENING SESSION IN NEW YORK. HE NOTED WITH SATISFACTION THAT THE US-GDR BILATERAL TRADE RELATIONSHIP HAS MADE SUBSTANTIAL PROGRESS SINCE HIS LAST VISIT TO THE U.S. ELEVEN MONTHS AGO, AND THAT TRADE HAD INCREASED CONSIDERABLY. HE LISTED A NUMBER OF RECENT AND VERY LARGE CONTRACTS SIGNED WITH U.S. FIRMS, E.G., DOW CHEMICAL.

8. NEVERTHELESS, AFTER THIS CHEERFUL SERIES OF OPENING COMMENTS, BEIL NOTED HIS CONCERN ABOUT THE LACK OF NOTICABLE PROGRESS ON TWO QUESTIONS WHICH THE GDR CONSIDERS OF MAJOR IMPORTANCE TO US-GDR COMMERCIAL RELATIONS. HE RAISED THE PROBLEM OF STATISTICAL DISCREPANCIES IN THE REPORTING OF US-GDR BILATERAL TRADE, PARTICULARLY THAT U.S. STATISTICS SUBSTANTIALLY UNDERSTATE TRADE LEVELS, NOTABLY U.S. EXPORTS TO THE GDR. THE U.S. SIDE REPLIED THAT COMMERCE IS WORKING WITH USDA IN AN EFFORT TO IMPROVE THE SITUATION, SINCE A SUBSTANTIAL PART OF THE REPORTING PROBLEM RESULTS FROM TRANSSHIPMENT OF U.S. GRAIN TO THE GDR THROUGH THIRD COUNTRIES. WE ALSO REMINDED BEIL THAT THE GDR INCLUDES IN ITS BILATERAL TRADE STATISTICS, TRANSACTIONS WITH U.S. SUBSIDIARIES OFFSHORE, MOSTLY IN WESTERN EUROPE, AND THAT U.S. REGULATIONS PRO-
CONFIDENTIAL

PAGE 05 STATE 123976

HIBIT INCORPORATION OF THESE FIGURES IN U.S. TRADE

STATISTICS. HE CONCEDED THE LATTER POINT BUT URGED USDOC TO CONTINUE ITS EFFORTS CONCERNING THE AGRICULTURAL

TRANSSHIPMENTS STATISTICS. WE ASSURED HIM WE WOULD DO SO.

9. BEIL THEN TURNED TO WHAT HE REFERRED TO AS THE "FAILURE OF THE GDR'S APPLICATIONS FOR TWO COMMERCIAL OFFICES IN NEW YORK CITY" (I.E., UNITECHNA AND JENOPTIK). HE ALSO EXPRESSED UNHAPPINESS AT THE VISA SITUATION FOR PERSONNEL OF THE WMW EXPORT-IMPORT OFFICE AUTHORIZED LAST JUNE, NAMELY, THAT WITH B-1 VISAS, THE OFFICE PERSONNEL COULD NOT OBTAIN DRIVER'S LICENSES, OPEN BANK ACCOUNTS, OR OTHERWISE CARRY OUT BUSINESS ACTIVITIES. BEIL CONTINUED BY NOTING THAT THE LACK OF A NEW YORK BUSINESS OFFICE PUTS THE GDR AT A COMMERCIAL DISADVANTAGE--SO MUCH SO THAT THE GDR HAS CONSIDERED REQUESTING PERMISSION TO HAVE PART OR ALL OF THE GDR EMBASSY COMMERCIAL SECTION TRANSFERRED TO NEW YORK CITY.

10. COMMERCE RESPONDED THAT CONSIDERING THE APPLICATION FOR UNITECHNA AND JENOPTIK COMMERCIAL OFFICES AS A "FAILURE" WAS CONTRARY TO OUR UNDERSTANDING OF THE SITUATION; THAT STATE DEPARTMENT WAS STUDYING THE APPLICATION, AND HENCE HAD NOT AS YET REACHED A DECISION. WE SUGGESTED THAT THE MATTER BE RAISED WITH STATE DEPARTMENT. WITH RESPECT TO THE WMW VISA QUESTION, COMMERCE NOTED THAT WE ARE UNDER THE IMPRESSION THAT THE GDR HAS NOT AS YET FORMALLY APPLIED IN WRITING FOR THE VISAS WMW PERSONNEL WILL REQUIRE. BEIL ACKNOWLEDGED THIS WAS APPARENTLY ACCURATE, BUT THAT THE GDR BELIEVES THERE WOULD BE PROBLEMS CONNECTED WITH OBTAINING THE NECESSARY L VISAS. WE ASSURED BEIL THAT WHEN AUTHORIZING THE WMW OFFICE, STATE DEPARTMENT HAD INTENDED THAT THE GDR BE ABLE TO USE THE OFFICE FOR COMMERCIAL PURPOSES AND THAT THE INTENTION INCLUDED MAKING SURE WMW PERSONNEL WOULD BE CONFIDENTIAL

PAGE 06 STATE 123976

ISSUED APPROPRIATE VISAS TO ENABLE THEM TO CARRY OUT THE FUNCTIONS OF THE OFFICE. COMMERCE OBSERVED THAT SINCE THE NECESSARY VISAS CANNOT BE ISSUED UNTIL WRITTEN APPLICATIONS FOR THEM HAVE BEEN RECEIVED BY THE APPROPRIATE AUTHORITIES, THE GDR SHOULD RAISE THE MATTER WITH THE STATE DEPARTMENT. COMMERCE DID NOT COMMENT ON BEIL'S REMARK ABOUT REQUESTING PERMISSION TO TRANSFER ALL OR PART OF THE GDR EMBASSY COMMERCIAL SECTION TO NEW YORK, NOR DID BEIL PURSUE THE QUESTION.

11. BEIL THEN NOTED THAT HE HOPED HARMAN WOULD BE ABLE TO VISIT THE GDR "SOMEDAY." HARMAN ALSO HOPED HIS SCHEDULE WOULD ALLOW SUCH A VISIT.

12. COMMENT: DURING BOTH MEETINGS, BEIL WAS RELAXED, AMIABLE, AND EVIDENTLY ENJOYING HIMSELF. THE MEETINGS PLAINLY REFLECTED A DEVELOPING ATMOSPHERE OF CANDOR AND

EASE WHICH HAS BEEN INCREASINGLY EVIDENT IN RECENT MONTHS.
COMMERCE OFFICIALS WERE PLEASED WITH THE RESULTS OF THE
MEETINGS, AND FEEL THAT BEIL'S VISIT AND THE GDR CONGRESS
HAVE ADDED POSITIVE ELEMENTS TO THE US-GDR COMMERCIAL
RELATIONSHIP. END OF COMMENT. VANCE

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